



County Administrative Office
Governmental & Legislative Affairs

Josh Candelaria
Director

June 8, 2020

The Honorable Anthony Portantino
Chair, Senate Appropriations Committee
State Capitol Building
Sacramento, CA 95814

RE: SB 977 (Monning) as amended May 19, 2020- OPPOSE

Dear Chairman Portantino:

On behalf of the County of San Bernardino, we are writing to express our opposition to SB 977 (Monning), legislation that would adversely impact healthcare systems by creating additional restrictions on hospitals, especially community hospitals located in rural communities.

SB 977 creates an extensive review process of hospitals that wish to invest in or affiliate with other hospitals, clinics or medical practices including such transactions involving two private health care entities. That expanded review process also creates an extremely high threshold by presuming a hospital will engage in anti-trust activities unless they can prove otherwise to the Attorney General.

San Bernardino County has a 20,000 square miles geographical area; many of our constituents live in remote areas and depend on community hospitals for their primary care. Rural hospitals are the cornerstone of their communities, serving as key access points of care and often the largest local employer. Despite the value they provide, many rural hospitals struggle financially and are need of assistance or access to capital.

For example, Hi-Desert Medical Center is the only acute care facility for 50 miles to the 60,000 residents in the Morongo Basin communities and the almost 3 million visitors to Joshua Tree National Park. Hi-Desert Memorial Health Care District (now known as Morongo Basin Healthcare District) began a search in 2013 to explore affiliation with a larger healthcare organization that had resources to secure the future of the medical center and continue to provide much needed healthcare services. Financial reserves were depleted at that time due to reduced reimbursement from government and insurance plans, along with rising expenses and an inability to keep pace with needed maintenance or technology demands. Tenet Health signed a lease with the Hi-Desert

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Memorial Health Care on July 15, 2015 to operate and manage the medical center and associated facilities for 30 years. This agreement ensured continued health care services to the Hi-Desert Memorial Health Care District communities without an increase in cost to taxpayers. If SB 977 was enacted at the time of the transaction it may have adversely impacted the ability for residents of the Morongo Basin to have access to care.

Furthermore, hospitals, clinics, and medical practices are under enormous financial pressure. SB 977 proposes a significantly, costly and time-consuming expansion of regulatory review during a time when hospitals are still recovering from impacts associated with COVID-19.

For the above reasons, the County of San Bernardino opposes SB 977 and respectfully requests your no vote. If you have any questions regarding the County's position, please do not hesitate to contact Josh Candelaria, Director of Governmental and Legislative Affairs at (909) 387-4821 or jcandelaria@sbcounty.gov.

Sincerely,



Curt Hagman
Board of Supervisors Chairman
Fourth District Supervisor
County of San Bernardino



Dawn Rowe
Board of Supervisors
Third District Supervisors
County of San Bernardino

cc: Members and Consultants, Senate Appropriations Committee
Honorable Bill Monning
San Bernardino County Legislative Delegation